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C O N F I D E N T I A L SECTION 01 OF 02 PARIS 001671

SENSITIVE
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TAGS: [ECON](#) [ENRG](#) [EPET](#) [ETTC](#) [IR](#) [FR](#)
SUBJECT: FRANCE: TOTAL'S INVESTMENTS IN IRAN

Ref. A) SecState 121808 B) Paris 01413

Classified by Econ Minister Counselor Seth Winnick for reasons 1.4
(B) and (D).

¶1. (C) Summary. Total SA stresses that its activities in Iran consist of safeguarding the company's remaining property interests. Total is recouping funds, in the form of reimbursements, from years-old investments in the development of Iran's oil and gas blocks. During a November 16 conversation, EconOff conveyed points contained in reftel A and Total followed up with a written response on December 4 that is presented below. The MFA questioned the scope and timing of the DOS review. End summary.

Iran: Major Resource Base for IOCs

¶2. (C) Total SA Deputy Director for International Relations, Cherif Castel, in a December 4 email recalled that Total (through its subsidiaries and its predecessor companies) has been an investor in the Iranian energy sector over the past two decades, notably in the South Pars gas field. Castel noted that Total raised this point in our October 13 meeting with Deputy Assistant Secretary Douglas Hengel (Ref B). Total's activity in Iran, Castel explained, reflects both the world's growing demand for hydrocarbons and Iran's very large resource base. Iran has the second-largest proven natural gas reserves in the world after Russia, Castel wrote. Thus, it should be no surprise to the USG that a number of major international oil and gas companies such as Total have been active in Iran, he said.

No Plans for Future Investment

¶3. (C) Castel also clarified that: "Notwithstanding Iran's status as a major international source of oil and gas, Total made no new investments in 2008 and 2009 which have directly or significantly contributed to the enhancement of Iran's ability to develop the petroleum or natural gas resources of Iran and we currently retain no operational responsibility for oil or gas production there."

¶4. (C) Castel wrote that although Total "cannot rule out the possibility of future investments in Iran, should all the relevant factors (including geopolitical considerations) permit it, present conditions are such that Total does not anticipate any material investments in Iran in the foreseeable future."

Total's Activities since 2008

¶5. (C) Since 2008, Castel confirmed, activities of Total's subsidiaries in Iran have been limited to "1) two buy-back contracts entered into between 1995 and 1999 for oil blocks of which Total has ceased to be the operator, and 2) a technical services agreement to provide assistance designed solely to protect the value of Total's

previous investments there, for which we are now being reimbursed (i.e., "cashed out"), and 3) an average daily share of production in 2008 totaling approximately nine thousand barrels of oil equivalent per day (kboe/d), which constitutes approximately 0.4 percent of Total Group's production worldwide."

Previous USG Review of Total's Investments

¶6. (C) Castel stated in his December 4 response that "Total's investments in Iran have been considered by the U.S. federal government and [were] determined not to merit sanction. Specifically, in 1998 the Clinton Administration granted a waiver based on national interest, pursuant to section 9(c) of the Iran Sanctions Act, to Total's participation in the South Pars gas development project. That waiver was part of a broader national policy, announced in April 1997 (and later continued under the Bush Administration) [to] not apply sanctions against companies in the European Union that have activities in Iran." (Comment: During our November 16 conversation, Castel said it was hard to believe that the Congressional letter to President Obama or pending bills could lead to a new investigation into Total's activities that were reviewed by previous administrations. End comment.)

Total's Socio-Economic Programs in Iran

¶7. (C) Chatel wrote in the December 4 statement that a Total subsidiary in Iran has developed socio-economic programs there for several years. (Note: No name was provided. End note.) In 2008, for example, Castel stated, Total provided financial support to local stakeholders in order to develop educational, health and cultural

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projects. As part of these health projects, Castel pointed out, Total was cooperating with the Pasteur Institute to help monitor a five-year program to fight sexually transmitted infections and other diseases and to train health care professionals. Moreover, Total has invested in primary, secondary and higher education, he noted. Such commitments include the awarding of 19 scholarships to Iranian students, Castel wrote. Finally, as part of its cultural contribution to Iran, the French oil major mentioned its collaboration with the Iranian Cultural Heritage and Tourism Organization (ICHTO) to carry out a restoration project of the Siraf Nassouri castle.

Willingness to Discuss

¶8. (C) Total's Deputy Director for International Relations ended his December 4 statement by noting Total's willingness to discuss further with the USG the company's activities in Iran and to explain its long-term vision, which Castel believes supports Total's strategy in a responsible way.

MFA questions scope and Timing of Review

¶9. (C) On December 8, EconOff met with Vanessa Pouget, Economic Officer for Energy Affairs (Middle East), Directorate for Globalization, Development, and Partnership, at the MFA. Pouget stressed that the GOF has made great efforts in sending the right message to industry regarding activities in Iran's hydrocarbons sector. Companies listened and have not made new investments, she said. France and its international partners must be extremely careful in the measures they take to bring Iran into compliance with its obligations, Pouget noted. It is paramount that France and its allies show unity and coordinate strictly so that ongoing efforts yield the desired impact on Iran, Pouget emphasized.

Limitations period

¶10. (C) Pouget asked EconOff why the DOS company review did not appear to exclude past activities by Total over a year ago. She would have expected the focus to be only on current activities in

Iran, Pouget stated. This raised the broader question, she added, of whether there were time limitations for previous USG-led enquiries on French and other companies' investment activity in Iran.

¶11. (C) Comment: In its interaction with Embassy Paris, Total has been consistent in asserting that it has not undertaken new investment activity in Iran.

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